

Final Four weekend. Baseball beginning. Spring is here and with it the promise of brighter days ahead. Budding Accountable Care Organizations (ACOs) hold similar promise. In March's newsletter we discuss the final question of our three part series, "Is there a place for new low cost consumer health care technologies when the physician or ACO is still ultimately accountable and liable for diagnosis and treatment?". We say yes. This question arose from James' talk at The Sunday Times health care conference in London late last year. The discussion entitled, "Donuts, Diabetes and Dialysis", has generated agreement and some controversy.



## Budding ACOs and Low Cost Consumer Technologies

As ACOs develop, the mandate for cost-containment, risk management and physicians' need to adapt to a changing reimbursement structure is stronger than ever before. Low cost consumer health care technologies are one of the pillars supporting the ACO business model (see [Allexian's February Newsletter](#) for other pillars). Large physician practices that are positioning themselves as ACOs will need new technologies to help their patients help themselves. These technologies complement and enhance the traditional care models and high cost technologies.

To be financially viable, ACOs will need to tackle the big-ticket items, namely wellness/disease prevention, diabetes monitoring, regimen compliance as well as a range of other chronic diseases. The CDC estimates that 70% of chronic disease is preventable. Similarly nearly 50% of patients with a chronic disease do not comply with their care regimen -- half of all diabetics are non-compliant. Cognitive behavioral diseases are growing in number as our population ages. New, inexpensive technologies are becoming available to help patients deal with these problems and therefore reduce risks for ACOs.

### Wellness/Disease Prevention

"70% of chronic disease is avoidable"

BioSignia, (featured on NBC's The Biggest Loser for the last three seasons) has a patented statistical algorithm "Know Your Number" -- KYN -- (a Health Risk Assessment on steroids). KYN predicts onset of

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multiple chronic diseases and quantifies the causal risk factors. They also provide a road map as to which risk factors can be managed and reduced, thereby reducing overall risk of developing chronic disease. This technology is available on an individual basis, and also can aggregate large pools of the patient population. BioSignia's disease prediction tools are evidence-based, patented and well validated. These tools will allow for better risk management for health plans, ACOs and wellness programs.

## Regimen Compliance

"50% of patients are non-compliant"

For many people, following their Doctor's treatment plans and managing medications can be difficult. Even if you don't suffer from a chronic disease, very few of us have detailed knowledge of our own medical history – information that could be vital in an emergency setting. My Health is an iPhone app that brings all of your important medical data to hand, in one easily accessible place -- a personal health record that assists with regimen compliance.

My Health, is broken down into a number of different subsections that allow you to detail almost every aspect of your physical health. The main subsections include scripts information and chronic conditions. The other sections are a more traditional EHR including details of lab data, radiology procedures/ECG and screening tests.

For example, in the "My Medicines Chest", you can enter in all of the details of each drug that you take including: drug name, strength, dose, when taken, reason (for taking), prescribing Dr., as well as a reminder. While helping you to remember what drug to take and when, this information is also essential from a clinicians point of view. Details of medications are extremely important if you ever need to present to the ER or even just to a new Doctor. A small price at \$24.99 to pay for compliance.

Fifty percent of diabetics are non-compliant in taking their medications and tests. GlucoSentinel, another iPhone app allows GlucoSentinel subscribers to log their glucose test results and comments. GlucoSentinel is a messaging and alert service that enables diabetics to share their blood sugar test results with their support group (e.g. family/friend/doctor) via email or text message. The service is designed to keep your support group informed of your status on a daily basis. Patients set up a testing schedule, alerts and notifications: determining who in the support group gets what notifications and alerts such as who receives a results announcement, who gets a high blood sugar alert, who gets a missed test reminder, etc.

GlucoSentinel will remind the diabetic to take blood sugar tests. If a scheduled test is missed, an alert will be sent out to the diabetics support group notifying them of the missed test. GlucoSentinel will also provide alerts and notifications to the support group as tests are logged. The 'price is right', GlucoSentinel is a free application. There is a small monthly charge for the alert/notification service.

and well validated."

*"GlucoSentinel subscribers to log their glucose test results and comments. GlucoSentinel is a messaging and alert service that enables diabetics to share their blood sugar test results with their support group."*

*"We are proud to celebrate our 3rd birthday at Allexian. Our strategic growth work has taken us into Fortune 100 companies on a global basis; our profitability initiatives have taken us into Fortune 500 companies and our investor advisory and due diligence services have taken us to a broad sector of the US health care service and medical device landscape."*

**Allexian delivers operational improvement and strategy focused on bottom line and value creation.**

**As former CEOs we assist health care companies with planning and execution.**

**We are experienced in performance improvement, strategy, M&A due**

Today, diabetics can (as never before) buy a Hemoglobin A1C home test kit -- Hemoglobin A1C is a quarterly test that is a good gauge for average blood sugar levels over the preceding three months. This test available under the name, Appraise, in Walgreens, CVS and Wal-Mart allows diabetics for less than \$20 to administer this all important test at home. The alternative is a trip to a physician at nearly five times the cost.

## **Managing Onset of Chronic Disease**

Cognitive Behavioral Therapy (CBT) is an evidence-based form of psychotherapy. 7% of the general population suffer from cognitive impairment. A smart phone app called CBT Pad is focused on helping patients learn how to master new thinking techniques in order to modify negative emotions, beliefs and behavior.

CBT Pad also provides its users an effective method for recording the most common elements of a CBT exercise, while practicing it. It is a collaborative tool to be used under the guidance of a CBT practitioner. The CBT Pad is priced at \$7.99.

We are on the vanguard of new, low cost technologies that can help ACOs and their patients manage the risk of disease onset, regimen compliance and managing a chronic condition. Lower costs and lower risks for all.

## **Afterword**

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Today, Allexian, in partnership with our UK partner LCS Consulting is leading health care service initiatives in the UK with government, the NHS and the private sector, by bringing US best practices to the changing UK health care landscape.

In addition, we continue our focus (in partnership with our US partner Promontory Growth and Innovation) to deliver employee led profitability improvement initiatives for large health care companies resulting in 20% or more EBITDA margin improvements on a sustainable basis. Finally, we remain engaged with private equity and venture capital as advisors, expert consultants, due diligence participants and providers of interim management services. We continue to advise on health care transactions ranging from wound care to clinical trials and transaction size from \$10M to \$100M.

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*strategy, market due diligence, interim management and technology planning and organizational change.*